

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001

TREATMENT OF RATE INCENTIVES AND)
DE MINIMIS RATE INCREASES) Docket No. RM2014-3
FOR PRICE CAP PURPOSES)

REPLY COMMENTS OF
MPA—THE ASSOCIATION OF MAGAZINE MEDIA

(April 17, 2014)

MPA—The Association of Magazine Media (“MPA”) respectfully submits these reply comments in response to Order No. 1879. These comments reply to comments submitted by several parties on proposed rule 3010.23(d)(4):

Adjustment for deletion of rate cell. For an adjustment accounting for the effects of the deletion of a rate cell when an alternate rate cell is not available, the Postal Service should adjust the billing determinants associated with the rate cell to zero. If the Postal Service does not adjust the billing determinants for the rate cell to zero, the Postal Service shall include a rationale for its treatment of the rate cell with the information required under paragraph (d)(2) of this section.

The Commission’s explanation for this rule referred to transfers of products to the competitive product list:

Docket No. R2013-1 was the first rate adjustment after the Commission approved the transfer of Parcel Post to the competitive product list. In the Package Services workpapers, the Postal Service correctly removed the billing determinants associated with the transferred pieces. The Commission proposed to codify that treatment for future rate adjustments.”

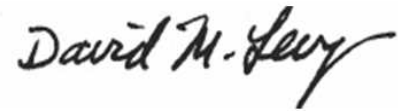
PRC Order No. 1879 at 12-13 (footnote omitted).

MPA agrees with the recommendation of the National Postal Policy Council, National Association of Presort Mailers *et al.*, and Pitney Bowes that the Commission narrow the language of the proposed rule to match better its apparent intent, which is to deal with the deletion of rate cells when products are transferred from the market-dominant list to the competitive list under 39 U.S.C. § 3642. This revised wording will avoid having the rule misinterpreted as overriding the established approach for handling rate cell deletions that are unrelated to a product transfer.

The established approach in these instances was discussed in Order No. 1890 in Docket No. R2013-10 (at 31-32) and is consistent with the approach advocated by MPA *et al.* in that proceeding. If a rate cell is deleted for reasons other than a Section 3642 product transfer, and this forces mail to pay a higher rate (e.g., if the Carrier Route Basic rate were eliminated, forcing flats to pay the 5-Digit Automation Flat rate), the rate increase for these pieces should be calculated by comparing the proposed rate for the higher-price rate cell with the current rate for the deleted rate cell (e.g., by comparing the proposed 5-Digit Automation Flat rate with the current Carrier Route Basic Flat rate).

MPA disagrees with the Postal Service's position (USPS comments at 7-8) that the Commission should delay promulgation of this rule change until the U.S. Court of Appeals issues a final decision in *USPS v. PRC*, No. 13-1308 (D.C. Cir.), in which the Postal Service seeks review of the Commission's action in Docket No. R2013-10, *Notice of Market Dominant Rate Adjustment*. As noted above, proposed rule 3010.23(d)(4), when properly narrowed, applies only to rate cells that are deleted because of product transfers. The pending court case does not concern this issue.

Respectfully submitted,

A handwritten signature in black ink that reads "David M. Levy". The signature is written in a cursive style with a long, sweeping tail on the "y".

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